

St. Joe Community Foundation

2006 Annual Report





The collection of notes above are from students who were selected by the Bay Education Foundation for the Take Stock in Children Program, funded by The St. Joe Community Foundation. The Take Stock in Children Program offers the guarantee of a four-year college education to students who promise, in return, to remain drug free, crime free and failure free.

Letter from President, Billy Buzzett

Dear Neighbors,

The St. Joe Community Foundation is the direct beneficiary of The St. Joe Company's success as a place maker throughout the region. Every time JOE sells a property in select JOE residential developments, it contributes a transfer fee to the Foundation. Payments continue each time the properties are resold through deed covenants, requiring a transfer fee be made to the Foundation.



Since transfer fees are the primary source of revenue for the Foundation, the recent downturn in residential real estate markets in 2006 has resulted in fewer transactions and a reduction of the Foundation's revenue. Yet, the story does not end there. Even with declining Foundation revenues, we were able to continue the legacy of helping community organizations grow and prosper. In 2006, we awarded \$979,900 in grants which covered a broad range of community programs. A few of the \$169,500 in new grants for 2006 include: Take Stock in Children Scholarship Program in Bay and Walton Counties; a new disaster relief vehicle for the Salvation Army; The Junior Museum of Bay County; Project Graduation and the Franklin County Food Pantry. Other awarded grants consisted of multi-year pledge payments approved in prior years such as grants to the Seaside Repertory Theatre, Sacred Heart Foundation and the City of Panama City Beach Parks & Recreation. These multi-year pledge payments totaled \$810,400 for 2006. To date, the Foundation has given nearly \$15 million back to our community.

It is a pleasure for me to show you in the next few pages the great things the Foundation has been able to accomplish in 2006. This past year serves as a great example of the dedication and commitment the Foundation has to making their region and surrounding regions a better place to live and work. It has been our privilege and honor to partner with many different organizations ranging from healthcare to education. We are grateful for our partners and look forward to continued giving throughout the years to come.

Sincerely,

Billy Buzzett

President, Board of Trustees
The St. Joe Community Foundation

Arts & Culture — \$50,000

Grateful

The St. Joe Community Foundation has a long-standing history of supporting organizations that benefit the arts and culture in the counties in which they operate. The Foundation believes a dedicated organization can significantly increase the amount of cultural opportunities within a community.

- Bay County Public Library Foundation — \$10,000
- Junior Museum of Bay County — \$10,000
- The Philharmonic Society of Northwest Florida, Inc. — \$10,000
- Seaside Repertory Theatre — \$20,000

The Seaside Repertory Theatre produces high-quality, live theatre for audiences of all ages. The Theatre performs for more than 20,000 people each year with a summer stock season of two main stage productions and an outdoor family production. Among other performances, the Seaside Repertory produces the Autumn Playwright Festival in October, celebrating the work of a major playwright with a main stage production, staged play readings, and more.

"As a result of this multi-year contribution, the Repertory has become a mainstay in the non-profit and cultural landscape of Northwest Florida," said Jennifer Steele Saunders, managing director, Seaside Repertory Theatre. "We are grateful that The St. Joe Community Foundation's commitment to providing a positive impact on our community is in line with the Repertory's mission to enhance the lives of Walton County and all of Northwest Florida."



Civic & Community — \$392,000

Deepest Gratitude

The St. Joe Community Foundation is proud to support organizations who share their goal of making communities a better place to live and work, which is demonstrated through their civic and community giving.



- City of Panama City Beach Parks & Recreation — \$100,000
- The Community Foundation of North Florida, Inc. — \$16,000
- Franklin County Department of Parks & Recreation — \$150,000
- Habitat for Humanity of Walton County, Inc. — \$25,000
- Palo Alto Church of Christ, Inc.
For the Children School Drive — \$1,000
- Panama City Senior Services Foundation — \$100,000



Habitat for Humanity of Walton County is a non-profit Christian ministry dedicated to the elimination of substandard housing. They provide opportunities for the community to show God's love in action, in partnership with people in need as they help break the cycle of poverty by building decent affordable housing and improving the quality of life of their partner families.

"Our deepest gratitude goes to The St. Joe Community Foundation for their sponsorship of the Steinbacher home," says Sandy Jones, executive director, Walton County Habitat for Humanity. "The foundation gives so much to our community, and we are thankful to be one of the many organizations that benefit from their generosity."

Disaster Relief — \$30,000

Thoughtfulness

The St. Joe Community Foundation is dedicated to helping the region when a disaster strikes.

- The Salvation Army — \$30,000



As a part of its broad slate of services to those in need, The Salvation Army's Disaster Services Program provides aid to those whose lives have been ravaged by unforeseen and debilitating emergency or disaster situations. The primary initial disaster response mechanism utilized by the Army is the Emergency Canteen, a fully self-contained response vehicle specifically employed to provide life-sustaining assistance in the form of prepared meals (up to 2,500 meals per day) and other immediate aid to victims and responders in the wake of emergencies.



"The significant gift that The St. Joe Community Foundation has provided has made the purchase of the new response unit possible," says Captain David Worthy, corps officer, Panama City Corps. "When disasters impact our citizens, the people of Northwest Florida can be pleased to know that The St. Joe Community Foundation's thoughtfulness will indelibly impact those experiencing emergent circumstances by further enhancing The Salvation Army's ability to meet human needs in God's name."

Education — \$376,000

Shining Example

The Foundation seeks to fund capital construction and annual programs that promote academic excellence to prepare the next generation of leaders for work and service in the region.

- Bay Education Foundation — \$29,000
- Council for Educational Change — \$45,000
- Florida State University Foundation — \$150,000
- Foundation for Excellent Schools — \$60,000
- Franklin County Project Graduation — \$1,000
- Girls Incorporated of Bay County — \$30,000
- Gulf Coast Community College — \$50,000
- Gulf County Project Graduation — \$1,000
- Walton County Education Foundation — \$10,000

Brought to Bay County via the Bay Education Foundation, the Take Stock in Children Program is designed to break the cycle of poverty for current and future generations. The program offers the guarantee of a four-year college education to students who promise, in return, to remain drug free, crime free and failure free. Students receive mentoring and close supervision throughout their high school education. Private funds are matched dollar for dollar with legislative funds provided through the Florida Prepaid College Foundation to purchase four-year college plans for these students.

"The multiple grants given by The St. Joe Community Foundation have allowed for an improved educational environment for Bay County public schools," said Karen Lee Tucker, executive director, Bay Education Foundation, Inc. "The partnership that we have with The St. Joe Community Foundation is a shining example as to how a local organization can have such a strong impact on an entire community."



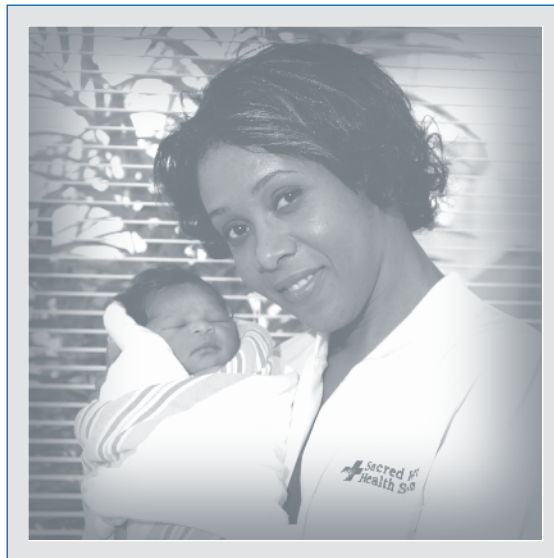
Health & Human Services — \$131,900 *World of Difference*

The St. Joe Community Foundation recognizes the need for better and advanced healthcare in the region as well as healthcare for the underprivileged. The Foundation is committed to giving grants to assist with these needs through their health and human services grants.

- BASIC NWFL, Inc. — \$14,400
- Franklin's Promise Coalition, Inc. — \$10,000
- Muscular Dystrophy Association — \$7,500
- Sacred Heart Foundation — \$100,000

Sacred Heart Foundation is the private fund-raising arm of the Sacred Heart Health System, soliciting support from the philanthropic community to support all facets of health care within the Sacred Heart system. To date, The St. Joe Community Foundation has donated \$1 million toward the completion of a new Sacred Heart Hospital in Gulf County, and has committed to donate another \$4 million over the next nine years.

"This is an exciting day because it gives visibility to a bold new step for the Gulf and Franklin area for health care delivery systems," explains Dr. Henry Roberts, president, Sacred Heart Health System Foundation. "The results of this partnership with The St. Joe Community Foundation will make a world of difference not only in the lives of those who are currently living in Northwest Florida, but also for untold thousands in coming years."



World of Difference



Total Grant Amount: \$979,900

Board of Trustees

The St. Joe Community Foundation

Billy Buzzett

President

Clay Smallwood

Vice President

Rod Wilson

Secretary/Treasurer

Chris Corr

Britt Greene

Lewis Howell

The St. Joe Community Foundation

We welcome opportunities to strengthen our alliances and connection to the region. To read more about The St. Joe Community Foundation, please visit our Web site at STJCF.com. There you will find information about the grant application process and how to apply. Please contact us to determine eligibility.

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Photography

Bay Education Foundation

Florida State University Foundation

Rick Sprouse Productions

Sacred Heart Foundation

Independent Auditors' Report

The Board of Trustees
The St. Joe Community Foundation, Inc:

We have audited the accompanying statements of assets and net assets arising from cash transactions of The St. Joe Community Foundation, Inc. (the Foundation) as of December 31, 2006 and 2005, and the related statements of support and revenues collected and expenses paid for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in note 1(b), these financial statements were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets arising from cash transactions of The St. Joe Community Foundation, Inc. as of December 31, 2006 and 2005, and its support and revenues collected and expenses paid during the years then ended, on the basis of accounting described in note 1(b).

KPMG LLP

March 28, 2007
Certified Public Accountants

The St. Joe Community Foundation, Inc.

Statements of Assets and Net Assets Arising from Cash Transactions December 31, 2006 and 2005

Assets	2006	2005
Cash	\$100,096	\$100,069
Investments	\$1,539,687	\$1,725,241
Property and equipment, net	\$90,548	\$73,741
Other assets	\$1,472	\$1,472
Total assets	\$1,731,803	\$1,900,523
Net Assets		
Commitments (note 3)		
Net assets - unrestricted	\$1,731,803	\$1,900,523

See accompanying notes to financial statements.

Statements of Support and Revenues Collected and Expenses Paid Years ended December 31, 2006 and 2005

	2006	2005
Support and revenues:		
Transfer fees (note 2)	\$1,193,373	\$2,747,970
Interest income	\$65,189	\$51,730
Total support and revenues collected	\$1,258,562	\$2,799,700
Expenses:		
Program services	\$961,073	\$2,588,134
Management and general (note 2)	\$466,209	\$316,918
Total expenses paid	\$1,427,282	\$2,905,052
Decrease in net assets	(\$168,720)	(\$105,352)
Net assets at beginning of year	\$1,900,523	\$2,005,875
Net assets at end of year	\$1,731,803	\$1,900,523

See accompanying notes to financial statements.

The St. Joe Community Foundation

Notes to the Financial Statements
December 31, 2006 and 2005

(1) Significant Accounting Policies

(a) Organization

The St. Joe Community Foundation, Inc (the Foundation) is a voluntary, not-for-profit organization established in 1999 under the name Northwest Florida Improvement Foundation, Inc. The Foundation changed its name on March 26, 2003. The Foundation is organized exclusively for charitable, educational, and community purposes, including, for such purposes, making distributions to organizations for the benefit of Bay, Walton, Franklin, and Gulf counties in Florida.

Funds are distributed to support a variety of programs and projects as determined by the Foundation's Board of Trustees and in accordance with donor-imposed restrictions, if any.

(b) Basis of Accounting

The accounts of the Foundation are maintained on a modified cash basis of accounting whereby support and revenues are recognized when collected rather than when earned, and expenses are recognized when paid rather than incurred, except for investments which are recorded at fair value and depreciation on property and equipment. Such basis of accounting is considered to be a comprehensive basis of accounting other than U.S. generally accepted accounting principles and does not give recognition to assets and liabilities from accruals of income and expense for which cash has not been received or disbursed, and to provisions included in Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made, and No. 117, Financial Statements of Not-for-Profit Organizations. The Foundation recognizes grant expenses in the period in which such grants are paid and, as such, has excluded from the financial statements an expense for grants made but not paid.

The focus of the financial statements is to present balances and transactions according to the existence or absence of donor-imposed restrictions. Net assets which represent resources generated from operations or that are not subject to donor imposed stipulations are classified as unrestricted net assets. Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time are classified as temporarily restricted net assets.

Support and revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

As of December 31, 2006 and 2005, all of the Foundation's net assets were unrestricted in nature and all support and revenues received during the years ended December 31, 2006 and 2005, were free from donor-imposed restrictions.

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The St. Joe Community Foundation

Notes to the Financial Statements

December 31, 2006 and 2005

(c) Investments

Investments consist of money market mutual funds which are carried at the cash price paid for such securities at purchase date and increased by the amount of interest income which has been received and added to the balance of such money market mutual funds, which approximates fair value.

(d) Property and equipment

Property and equipment owned by the Foundation is carried at cost. Depreciation and amortization are recorded using the straight-line method based on the estimated useful lives of the assets. The estimated useful life for property and equipment is three to seven years.

(e) Transfer Fees

Transfer fees represent .005 of the gross sales price of real estate sold from certain communities developed by St. Joe Towns & Resorts, the community development arm of The St. Joe Company, and RiverCamps, a subsidiary of The St. Joe Company. Communities subject to transfer fees are located in Bay, Walton, Franklin and Gulf Counties in Florida. The fee on the initial sale of property is paid by The St. Joe Company on behalf of the initial buyer, while the fee on all subsequent sales of property is paid by the subsequent buyer. Such fees are a required obligation of the underlying property deed and will continue to be assessed on each property transaction occurring until such time as determined by the Foundation. Such fees are remitted to the Foundation by the closing agent transacting the real estate. There can be no assurance that transfer fees associated with each applicable real property sale have been collected by, or if collected, remitted by the closing agent to the Foundation. As described in note 1(b), support and revenues which consist primarily of such transfer fees are recognized by in the accompanying financial statements when collected rather than when earned or due.

(f) Program Services

Program services represent cash distributed, in the form of grants, to various organizations for specific charitable, educational, or community purposes.

(g) Use of Estimates

Due to the Foundation's use of the modified cash basis of accounting, the only significant estimates or assumptions reflected in the accompanying financial statements are the assumptions that investments are convertible to cash at their carrying value and that property and equipment is recoverable at its net carrying value.

(h) Income Taxes

The Foundation is exempt from federal income taxes on related income under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). However, the Foundation is classified as a private foundation and is subject to federal excise taxes based on investment income.

(Continued)

The St. Joe Community Foundation

Notes to the Financial Statements
December 31, 2006 and 2005

(2) Related Party Transactions

The Board of Trustees of the Foundation is entirely comprised of individuals who are employees of the St. Joe Company.

During the years ended December 31, 2006 and 2005, The St. Joe Company paid \$440,454 and \$1,389,346, respectively, to the Foundation as a result of real estate sales transactions subject to transfer fees.

During the years ended December 31, 2006 and 2005, the Foundation separately employed its professional staff. However, during that time The St. Joe Company provided the Foundation with payroll-related support. Accordingly, the Foundation reimbursed The St. Joe Company approximately \$305,000 and \$224,000 for payroll costs incurred by the Foundation for the years ended December 31, 2006 and 2005, respectively.

During 2005, the Foundation entered into a lease agreement for an office facility with The St. Joe Company, which provides for monthly lease payments through 2010. The Foundation’s management believes the terms of the lease agreement to be substantially similar to those obtainable from unaffiliated parties. During 2006 and 2005, the Foundation paid to The St. Joe Company rent expense of \$34,921 and \$1,065, respectively, associated with the lease agreement.

(3) Commitments

(a) Grants

As of December 31, 2006, the Foundation has made commitments to provide future program service grants to various organizations payable through 2015 as follows:

Year ending December 31:	
2007	\$ 300,000
2008	825,000
2009	650,000
2010	600,000
2011	600,000
Thereafter	<u>2,600,000</u>
Total grant commitment	<u>\$ 5,575,000</u>

The St. Joe Community Foundation

Notes to the Financial Statements
December 31, 2006 and 2005

(b) *Lease Obligations*

The Foundation is obligated under a non-cancelable lease for an office facility which expires in 2010. Future minimum lease payments related to this lease as of December 31, 2006 are as follows:

Year ending December 31:	
2007	\$ 18,339
2008	18,885
2009	19,452
2010	14,913
	<hr/>
Total lease commitment	<u>\$ 71,589</u>

(c) *Legal Matters*

In the ordinary course of business, the Foundation is subject to certain legal actions. In the opinion of management, such matters will not have a material effect on the Foundation.



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